

**NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
DBA NORTHWEST IOWA YOUTH
EMERGENCY SERVICES CENTER
INDEPENDENT AUDITORS' REPORTS
FINANCIAL STATEMENT AND
SCHEDULE OF FINDINGS
JUNE 30, 2016**

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER

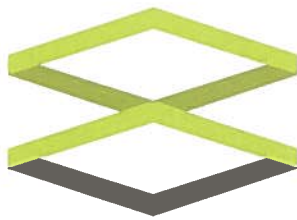
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NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER

OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>REPRESENTING</u>
Don Kass	Chairperson	Plymouth County
Denny Wright	Vice-Chairperson	Sioux County
Curtis Phillips	Member	Ida County
Ranell Drake	Member	Sac County
Kirk Peters	Member	Lyon County
Barry Anderson	Member	Clay County
Louis Stauter	Member	Pocahontas County
Mardi Allen	Member	Dickinson County
Eugene Meiners	Member	Carroll County
Nancy McDowell	Member	O'Brien County
Kyle Schultz	Member	Crawford County
Dale Arends	Member	Buena Vista County
Rick Mongan	Member	Cherokee County
Cheryl McGrory	Director	
Karla Lundy	Assistant Director	



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INDEPENDENT AUDITORS' REPORT

To the Officials and Members of the
Northwest Iowa Multicounty Regional
Juvenile Detention Center
DBA Northwest Iowa Youth Emergency Services Center
Cherokee, IA 51012

Report on the Financial Statement

We have audited the accompanying statement of cash receipts, disbursements and change in cash balance of Northwest Iowa Multicounty Regional Juvenile Detention Center DBA Northwest Iowa Youth Emergency Services Center (Center), as of and for the year ended June 30, 2016, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of Northwest Iowa Multicounty Regional Juvenile Detention Center DBA Northwest Iowa Youth Emergency Services Center as of June 30, 2016, and the change in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

The Other Information, the Schedule of the Center's Proportionate Share of the Net Pension Liability, and the Schedule of Center Contributions information on pages 14 through 17, has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Wintner, Stare & Co., LLP

October 31, 2016
Spencer, Iowa

FINANCIAL STATEMENT

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
DBA NORTHWEST IOWA YOUTH EMERGENCY SERVICES CENTER
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEAR ENDED JUNE 30, 2016

OPERATING RECEIPTS:

Detention care fees	\$ 510,451
State allocation	135,817
State programs	13,417
Transportation revenues	52,615
Other operating revenues	5,137
TOTAL OPERATING RECEIPTS	<u>717,437</u>

OPERATING DISBURSEMENTS:

Salaries	413,850
Payroll taxes	33,001
Health insurance	42,663
Pension expense	36,021
Meals and food	26,509
Treatment and health supplies	13,337
Clothing	2,619
Travel	1,870
Training	2,135
Office supplies	12,480
Postage	649
Telephone and internet	4,270
Utilities	6,995
Insurance	8,139
Transportation expenses	18,448
Professional fees	6,427
Miscellaneous	17,802
Repairs and maintenance	15,710
TOTAL OPERATING DISBURSEMENTS	<u>662,925</u>

EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	<u>54,512</u>
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NON-OPERATING RECEIPTS:

Interest on investments	<u>147</u>
TOTAL NON-OPERATING RECEIPTS	<u>147</u>

CHANGE IN CASH BALANCE	54,659
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CASH BALANCE - BEGINNING OF YEAR	<u>113,220</u>
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CASH BALANCE - END OF YEAR	<u>\$ 167,879</u>
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CASH BASIS FUND BALANCE:

Unrestricted	<u>\$ 167,879</u>
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NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwest Iowa Multicounty Regional Juvenile Detention Center DBA Northwest Iowa Youth Emergency Services Center (Center) was formed in 1989 by eleven northwest Iowa member counties pursuant to the provisions of Chapter 28E of the Code of Iowa. Three additional counties subsequently joined the organization. The Center provides detention and shelter care of juveniles.

The Center is governed by a Board comprised of one representative from each of the following member counties: Cherokee, Plymouth, Ida, Buena Vista, Carroll, O'Brien, Sioux, Lyon, Pocahontas, Sac, Dickinson, Clay, and Crawford.

Reporting Entity

For financial reporting purposes, the Center has included all funds. The Center has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Center are such that exclusion would cause the Center's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Center to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Center. The Center has no component units which meet the Governmental Accounting Standards Board criteria.

Basis of Presentation

The accounts of the Center are organized as an Enterprise Fund. Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services.

The Center distinguishes operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with the Center's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

Basis of Accounting

The Center maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Center is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Center in accordance with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in conformity with the basis of cash receipts and disbursements requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from those estimates.

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENT - Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management's Review

Subsequent events were evaluated by management up to the date of the independent auditors' report, which is the date the financial statement was available to be issued.

2. CASH

The Center's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Center is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Center; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

3. PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the Center, except for those covered by another retirement system. Employees of the Center are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, IA 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general information purposes only. Refer to the plan documents for more information.

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENT - Continued

3. PENSION PLAN

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENT - Continued

3. PENSION PLAN - Continued

Contributions - Continued - In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the Center contributed 8.93% of covered payroll, for a total rate of 14.88%. Protection occupation members contributed 6.56% of covered payroll, and the Center contributed 9.84% of covered payroll, for a total rate of 16.40%.

The Center's contributions to IPERS for the year ended June 30, 2016 totaled \$36,957.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions- At June 30, 2016, the Center reported a liability of \$261,251 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the collective net pension liability was based on the Center's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the Center's proportion was .005288% which was a decrease of .003830% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Center collective pension expense, collective deferred outflows of resources, and collective deferred inflows of resources totaled \$22,032, \$50,228, and \$60,831, respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50%, compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENT - Continued

3. PENSION PLAN - Continued

Actuarial Assumptions - Continued - The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	<u>1</u>	(0.71)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Center will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Center's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Center's proportionate share of the net pension liability	\$ 457,404	\$ 261,251	\$ 95,684

Pension Plan Fiduciary Net Position - Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENT - Continued

4. RENT OBLIGATIONS

The Center occupies a portion of a building leased from the Iowa Department of Human Services in Cherokee, Iowa. The lease cost is \$1 per year plus a portion of the utilities and telephone. The terms are subject to renegotiation annually.

5. RELATED PARTY TRANSACTIONS

Total charges for services to member counties during the year ended June 30, 2016 were \$443,990. The member counties were billed \$150 per diem for juvenile detention services provided compared to \$175 per diem for non-member counties and \$100 per diem for the federal government.

6. RISK MANAGEMENT

The Center is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Center's property and casualty contributions to the risk pool are recorded as disbursements from its operating fund at the time of payment to the risk pool. The Center's contributions to the Pool for the year ended June 30, 2016 were \$8,835.

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENT - Continued

6. RISK MANAGEMENT - Continued

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Center's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Center's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the Center's risk-sharing certificate, or in the event a casualty claim, property loss, or series of claims or losses exhausts the Pool's funds and any reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Center does not report a liability for losses in excess of reinsurance or risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the Center's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool of reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount, if any, to be refunded to the withdrawing member.

The Center also carries commercial insurance purchased from other insurers for coverage primarily associated with workers compensation. The Center assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENT - Continued

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The Center operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, and their spouses. There are 7 active members and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the Center. The Center currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the Center were \$414 for single coverage and \$784 for family coverage. The same monthly premium applies to retirees. For the year ended June 30, 2016, the Center made no contributions to the retired benefit plan.

8. COMPENSATED ABSENCES

Compensated Absences - Center employees accumulate a limited amount of earned but unused vacation and compensatory time off hours for subsequent use or for payment upon termination, death, or retirement. These accumulations are not recognized as disbursements by the Center until used or paid. The Center's approximate liability for accumulated vacation payable to employees was \$4,447 at June 30, 2016. The Center's liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2016.

9. EMPLOYEE HEALTH INSURANCE

The Center has established an account for the partial self-funding of the Center's health insurance plan. The plan is funded by the Center and is administered through a service agreement with Employee Benefit Systems. The agreement is subject to annual renewal provisions. The Center assumes liability for claims up to the deductible amounts of \$2,000/\$4,000 per single/family plan with a maximum out-of-pocket expense of \$4,000/\$8,000 per single/family plan. The deductible and maximum out-of-pocket for the Center are reduced by the deductible amount paid by the employee of \$500/\$1,000 per single/family plan and employee maximum out-of-pocket expense of \$1,000/\$2,000 per single/family plan. Claims in excess of deductibles are covered through a plan with Wellmark.

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
NOTES TO FINANCIAL STATEMENT - Continued

10. ECONOMIC DEPENDENCY

The Center generates approximately 19% of its revenue from State allocations and programs to provide services for the Iowa Department of Human Services (IDHS). State allocations are received in an annual lump sum. Under the terms of the IDHS programs, the Center submits an annual report of its expenditures and/or activities to the IDHS and is paid on a monthly basis as provided for by the program.

OTHER INFORMATION

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TWO YEARS *
(IN THOUSANDS)

OTHER INFORMATION (UNAUDITED)

	<u>2016</u>	<u>2015</u>
Center's proportion of the net pension liability0052880%	.0091179%
Center's proportionate share of the net pension liability	\$ 261	\$ 361
Center's covered-employee payroll	\$ 362	\$ 620
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.10%	58.23%
Plan fiduciary net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
SCHEDULE OF CENTER CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)

OTHER INFORMATION (UNAUDITED)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 37	\$ 32	\$ 55	\$ 55
Contributions in relation to the statutorily required contribution	<u>(37)</u>	<u>(32)</u>	<u>(55)</u>	<u>(55)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Center's covered-employee payroll	\$ 414	\$ 362	\$ 620	\$ 636
Contributions as a percentage of covered-employee payroll.....	8.93%	8.93%	8.93%	8.67%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 50	\$ 46	\$ 44	\$ 37	\$ 34	\$ 30
<u>(50)</u>	<u>(46)</u>	<u>(44)</u>	<u>(37)</u>	<u>(34)</u>	<u>(30)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 615	\$ 663	\$ 661	\$ 582	\$ 558	\$ 528
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
NOTES TO OTHER INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2016

Changes of Benefit Terms

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Changes of Assumptions

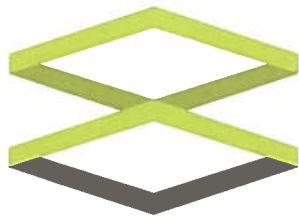
The 2014 valuation implemented the following refinements as a result of quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.



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**INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
A FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Officials and Members of
Northwest Iowa Multicounty Regional
Juvenile Detention Center
DBA Northwest Iowa Youth Emergency Services Center
Cherokee, IA 51012

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of Northwest Iowa Multicounty Regional Juvenile Detention Center DBA Northwest Iowa Youth Emergency Services Center (Center) as of and for the year ended June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated October 31, 2016. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Center's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

possibility a material misstatement of the Center's financial statement will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-16 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Center's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Center. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Northwest Iowa Multicounty Regional Juvenile Detention Center's Responses to Findings

The Center's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The Center's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Northwest Iowa Multicounty Regional Juvenile Detention Center during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Winther, Stave & Co., L L A

October 31, 2016
Spencer, Iowa

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

Part I: Findings Related to the Financial Statement

Internal Control Deficiency:

I-A-16 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The mail should be opened by someone who does not have access to the accounting records. A list of all checks received should be prepared and this list should then be agreed to amounts posted to the accounting records.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the Center should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The Center does concede that segregation of duties is difficult with the limited number of employees and qualified staff to segregate duties. The Center continues to review its policies and procedures in regard to segregation of duties. We continue to assess this situation and look for ways to improve the segregation of duties within the facility.

Conclusion - Response accepted.

Instances of Noncompliance:

No matters were noted.

NORTHWEST IOWA MULTICOUNTY REGIONAL
JUVENILE DETENTION CENTER
SCHEDULE OF FINDINGS - Continued
FOR THE YEAR ENDED JUNE 30, 2016

Part II: Other Findings Related to Statutory Reporting

- II-A-16 Questionable Expenses - No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-B-16 Travel Expense - No disbursements of money for travel expenses of spouses of Center officials or employees were noted.
- II-C-16 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- II-D-16 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa were identified.